

BEFORE THE
ILLINOIS COMMERCE COMMISSION

TDS METROCOM, LLC) DOCKET NO.
) 02-0553
Application for Transfer or)
Reissuance of Certificates of)
Service of Authority granted to)
TDS Metrocom, Inc. in Docket)
00-0239.)

Springfield, Illinois
January 13, 2003

Met, pursuant to notice, at 10:00 A.M.

BEFORE:

MR. WILLIAM SHOWTIS, Administrative Law Judge

APPEARANCES:

MR. OWEN MACBRIDE
Schiff, Hardin & Waite
6600 Sears Tower
Chicago, Illinois 60606

(Appearing on behalf of TDS Metrocom,
LLC via teleconference)

MR. ROBERT KOCH
527 East Capitol Avenue
Springfield, Illinois 62701

(Appearing on behalf of the
Telecommunications Division of the
Illinois Commerce Commission)

SULLIVAN REPORTING COMPANY, by
Cheryl A. Davis, Reporter, CSR License #084-001662

I N D E XWITNESSES DIRECT CROSS REDIRECT RECROSS

PETER HEALY

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EXHIBITSMARKEDADMITTED

TDS Metrocom, LLC PLR-1 e-docket 18

PROCEEDINGS

JUDGE SHOWTIS: Pursuant to the authority vested in me by the Commission, I now call for hearing Docket 02-0553 which concerns the application of TDS Metrocom, LLC for a transfer or reissuance of Certificates of Service Authority granted to TDS Metrocom, Inc. in Docket 00-0239.

Will the parties please enter their appearances for the record.

MR. MACBRIDE: On behalf of TDS Metrocom, LLC, Owen MacBride, 6600 Sears Tower, Chicago, Illinois 60606.

I'd also like to note that Mr. Peter Healy from TDS Metrocom is also on the phone. He will be our witness today.

MR. KOCH: Appearing on behalf of the Staff of the Illinois Commerce Commission, Robert Koch, K-O-C-H, 527 East Capitol, Springfield, Illinois 62701.

JUDGE SHOWTIS: Mr. Healy, I'm going to swear you in at this time.

(Whereupon the witness was sworn by Judge

1 Showtis.)

2 JUDGE SHOWTIS: You may proceed, Mr. MacBride.

3 MR. MACBRIDE: Thank you.

4 JUDGE SHOWTIS: You're welcome.

5 **PETER HEALY**

6 called as a witness on behalf of TDS Metrocom, LLC,
7 having been first duly sworn, was examined and
8 testified telephonically as follows:

9 DIRECT EXAMINATION

10 BY MR. MACBRIDE:

11 **Q.** Mr. Healy, would you please state your full
12 name, spelling your last name, and your business
13 address for the record?

14 THE WITNESS:

15 **A.** Peter Healy, H-E-A-L-Y, 525 Junction Road,
16 Suite 600, Madison, Wisconsin 53717.

17 **Q.** And what is your position?

18 **A.** I'm Manager for CLEC External Relations for TDS
19 Metrocom.

20 **Q.** And in that position are you responsible for
21 the Illinois regulatory activities of TDS Metrocom?

22 **A.** That's correct.

1 **Q.** Are you familiar with the application that was
2 filed by TDS Metrocom, LLC in this case on August
3 27, 2002?

4 **A.** Yes, I am.

5 **Q.** And is it correct, Mr. Healy, that TDS
6 Metrocom, Inc. was issued a Certificate of Service
7 Authority by the Illinois Commerce Commission in
8 Docket 00-0239?

9 **A.** That is correct.

10 **Q.** And then if I could refer you to paragraph 3 of
11 the application in this matter, is it correct on
12 July 31, 2002, TDS Metrocom, Inc. and TDS Metrocom,
13 LLC, pursuant to certain provisions of Delaware
14 statutory law, implemented a merger of TDS Metrocom,
15 Inc. with and into TDS Metrocom, LLC, with TDS
16 Metrocom, LLC as their surviving entity?

17 **A.** Yes, that's correct. We have provided a copy
18 of the Certificate of Merger as an exhibit.

19 **Q.** Okay. That's Exhibit 2 to the application.
20 Correct?

21 **A.** Yes, that's correct.

22 **Q.** Okay. And referring you to paragraph 4 of the

1 application, is it correct that pursuant to those
2 provisions of Delaware statutory law under which the
3 merger was effectuated, that TDS Metrocom, LLC, as
4 the surviving entity in the merger, succeeded to all
5 the rights, privileges, powers, real and personal
6 and mixed property, debts due to and all other
7 things and causes of action that were belonging to
8 TDS Metrocom, Inc.?

9 **A.** Yes, that is correct.

10 **Q.** And TDS Metrocom, LLC has obtained a
11 Certificate of Authority to transact business in
12 Illinois from the Illinois Secretary of State.
13 Correct?

14 **A.** Yes.

15 **Q.** And that is Exhibit 3 to the application.
16 Correct?

17 **A.** Yes. We've attached that as an exhibit.

18 **Q.** All right.

19 Now, subsequent to filing the application you
20 were asked to prepare for TDS Metrocom, LLC, to fill
21 out the Commission's standard form application for a
22 Certificate of Service Authority. Is that correct?

1 **A.** That's correct, right.

2 **Q.** And do you have before you a document that's
3 labeled on the first page TDS Metrocom, LLC Exhibit
4 PLR-1?

5 **A.** Yes.

6 **Q.** Okay. And that is the filled-out application
7 for a Certificate of Service Authority for TDS
8 Metrocom, LLC. Is that correct?

9 **A.** That's correct.

10 **Q.** And did you prepare this document?

11 **A.** It was prepared by me and under my direction by
12 other employees of TDS Metrocom.

13 **Q.** All right. And, in fact, if you go to the
14 verification page of the document, you have verified
15 the document. Correct?

16 **A.** That is correct.

17 **Q.** All right. And if you would refer to the last
18 four pages of this document, the last four pages are
19 labeled Exhibit 1. Do you see that?

20 **A.** Yes.

21 **Q.** And does Exhibit 1 to this exhibit consist of
22 certain financial statements?

1 **A.** Yes. Those were obtained by me from our
2 accounting personnel at TDS Metrocom.

3 **Q.** All right. And those have been designated as
4 confidential and proprietary, correct?

5 **A.** Yes.

6 **Q.** All right.

7 **A.** Those contain information that we consider
8 confidential and proprietary.

9 **Q.** Right. And the Exhibit 1 to Exhibit PLR-1, the
10 financial statements, presents certain comparative
11 financial information of TDS Metrocom, LLC as of
12 certain recent dates or recent periods and then
13 comparative information for TDS Metrocom, Inc. as of
14 the prior period or the same period in the prior
15 year. Is that correct?

16 **A.** Yes.

17 **Q.** And if I could refer you back to the
18 application filed in this matter to paragraph 6, is
19 it correct that as a result of the statutory merger
20 or subsequent to the statutory merger, TDS Metrocom,
21 LLC possesses in all respects the managerial,
22 technical, and financial capabilities necessary to

1 provide facilities-based interexchange
2 telecommunications services, resold local and
3 interexchange telecommunications services, and
4 facilities-based local telecommunications services
5 in the State of Illinois as were possessed by TDS
6 Metrocom, Inc. prior to the statutory merger on July
7 31, 2002?

8 **A.** Yes. There have been no material changes due
9 to the change to an LLC.

10 **Q.** All right. So basically all that's transpired
11 here is that TDS Metrocom, Inc., pursuant to
12 Delaware statutory law, has been converted into TDS
13 Metrocom, LLC. Is that correct?

14 **A.** That's correct. There should be -- there is
15 absolutely no change and should be no change
16 perceptible to anybody outside the company.

17 MR. MACBRIDE: All right. Thank you.

18 That concludes our direct testimony of Mr.
19 Healy, and we would offer Exhibit PLR-1 into the
20 record.

21 JUDGE SHOWTIS: Any objection?

22 MR. KOCH: No, Your Honor.

1 JUDGE SHOWTIS: Okay. TDS Metrocom, LLC
2 Exhibit PLR-1 as it appears on the Commission's
3 e-Docket system is admitted into evidence.

4 (Whereupon TDS Metrocom, LLC Exhibit
5 PLR-1 was received into evidence.)

6 JUDGE SHOWTIS: Does Staff have some questions?

7 MR. KOCH: Yes, Your Honor, just a handful.

8 CROSS EXAMINATION

9 BY MR. KOCH:

10 Q. Mr. Healy?

11 A. Yes.

12 Q. Good morning. Is it true that TDS Metrocom,
13 Inc. still exists and operates in Illinois today?

14 A. TDS Metrocom -- I'm not an expert in the
15 corporate formalities, but TDS Metrocom, Inc. was
16 merged into TDS Metrocom, LLC and still exists I
17 think to the extent necessary to complete items such
18 as this application.

19 Q. Very well.

20 When does your -- when does TDS Metrocom, Inc.
21 intend on transferring customers to TDS Metrocom,
22 LLC?

1 **A.** We intend to make any formal transfer after
2 this application is approved, and I think, as we
3 discussed earlier, we will provide notice to our
4 customers, and then subsequent to that time any
5 formal transfer would take place. As I said before,
6 there should be -- the customers should not perceive
7 any difference in terms of the functionality of
8 their service, any pricing, or service offerings.
9 All of that should be completely seamless.

10 **Q.** Very well.

11 And in what fashion will you serve notice?
12 Will it be as a bill insert or letter?

13 **A.** Our intention right now is to do it as either a
14 bill insert or a bill message, a printed text upon
15 the face of the bill or a separate sheet inserted
16 into the bill.

17 **Q.** Has a similar process occurred in other states?

18 **A.** Yes. We've already completed the transfer in
19 Michigan and Wisconsin, and notice was provided, to
20 the best of my knowledge, by bill message in those
21 states.

22 MR. KOCH: Okay. Very well. I have no further

1 questions.

2 JUDGE SHOWTIS: I just had a couple questions.

3 Let me ask this to Mr. MacBride. I assume then
4 that sometime in the near future TDS Metrocom, Inc.
5 will be filing a petition requesting cancellation of
6 its certificates upon notice being given or after
7 the notice is given to its customers?

8 MR. MACBRIDE: We could do that. Actually I'm
9 not sure under the statute a petition is required.
10 I think we just need to provide a notice to the
11 Commission, if I recall correctly.

12 JUDGE SHOWTIS: Okay. Well, notice has to be
13 given with regard to discontinuance of service.

14 MR. MACBRIDE: Right.

15 JUDGE SHOWTIS: But to the best of my
16 knowledge, there's usually filed in conjunction
17 therewith a petition requesting cancellation.

18 MR. MACBRIDE: The application that was filed
19 in this docket asked for -- if you would look at the
20 wherefore clause, the alternative relief requested
21 was for the Commission to cancel the certificates
22 granted to TDS Metrocom, Inc.

1 JUDGE SHOWTIS: Okay. Well, I guess what we
2 could do then is -- well, let's just go off the
3 record for a second.

4 (Whereupon at this point in the
5 proceedings an off-the-record discussion
6 transpired.)

7 JUDGE SHOWTIS: Okay. Let's go back on the
8 record.

9 In response to a question of Mr. Koch,
10 Mr. Healy indicated that TDS Metrocom, Inc. would be
11 sending notice at sometime in the near future of its
12 intent to discontinue service. The application
13 filed in this matter has requested cancellation of
14 the Certificates of Service Authority granted to TDS
15 Metrocom, Inc.. I believe the statute provides that
16 thirty days' notice has to be given to the customers
17 with regard to discontinuance of service, so I would
18 request that a late-filed exhibit be presented in
19 this matter.

20 Let's go off the record.

21 (Whereupon at this point in the
22 proceedings an off-the-record discussion

1 transpired.)

2 JUDGE SHOWTIS: All right. Let's go back on
3 the record.

4 A late-filed exhibit, TDS Metrocom LLC Exhibit
5 PLR-2, will be submitted in this docket. This
6 exhibit will provide evidence that notice has been
7 given to the customers of TDS Metrocom, Inc. of TDS
8 Metrocom, Inc.'s discontinuance of service in
9 Illinois.

10 The statute provides that there must be thirty
11 days' notice of discontinuance of such service, so I
12 would intend to submit an order approximately thirty
13 days after that notice has been given that would
14 cancel the certificates of TDS Metrocom, Inc. and
15 issue the same certificates to TDS Metrocom, LLC.

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18 EXAMINATION

19 BY JUDGE SHOWTIS:

20 Q. Mr. Healy, has there been any change with
21 regard to the officers and managers of TDS Metrocom,
22 Inc. versus comparable officers or managers that are

1 employed by TDS Metrocom, LLC?

2 **A.** No, there have not been any such changes.

3 **Q.** Okay. I just had a couple questions with
4 regard to the financial exhibit, and I'm not asking
5 about any of the figures thereon, and I know that
6 exhibit will be maintained as a confidential
7 exhibit.

8 The income statements and balance sheets shown
9 thereon are for -- well, first of all, turning to
10 the income statements, the document indicates income
11 statements, and then there's a date September 30,
12 2001, so I believe that's for TDS Metrocom, Inc.,
13 and then 2002 for TDS Metrocom, LLC, and just so I'm
14 clear, if you turn to page 1 of those income
15 statements, and I guess it carries over to the
16 second page, are the first set of figures for TDS
17 Metrocom, Inc. and the second set of figures for TDS
18 Metrocom, LLC?

19 **A.** Yes, that's my understanding.

20 **Q.** Okay.

21 **A.** And I think that reflects that the filings were
22 made in Delaware during calendar year '02, so when

1 the report was made at the end of that quarter, it
2 was rolled up for the LLC.

3 **Q.** Okay.

4 And then turning to the balance sheet, which I
5 believe is the last page of that exhibit, I assume
6 that the same would be true that the first set of
7 figures would be the balance sheet for TDS Metrocom,
8 Inc. as of 12/30/01 and the second set of figures
9 then would be for TDS Metrocom, LLC as of September
10 30, 2002?

11 **A.** That's correct.

12 MR. MACBRIDE: No, I think that's backwards,
13 Your Honor.

14 JUDGE SHOWTIS: Okay.

15 MR. MACBRIDE: The current balance I think is
16 9/30/02 of TDS Metrocom, LLC.

17 **A.** Okay. I'm sorry. When you said the first set,
18 I was assuming you meant the older set. The
19 previous year and the current balance is for the
20 LLC.

21 **Q.** Okay. I see that now. Okay. So the first set
22 of figures would be for the Applicant.

1 **A.** Yes.

2 **Q.** And the second set of figures would be for its
3 predecessor.

4 **A.** On the exhibit the columns are marked Current
5 Balance and Prior Year End Balance.

6 **Q.** Okay.

7 **A.** The Current Balance refers to the LLC. Prior
8 Year End Balance refers to the report that was made
9 under TDS Metrocom, Inc..

10 **Q.** Okay. I see. And did TDS Metrocom, Inc.
11 commence its operations in the year 2000
12 approximately?

13 **A.** No. TDS Metrocom, Inc. began its overall
14 operations I believe in 1997.

15 **Q.** Okay. And it commenced operations in Illinois
16 then about two or three years after it had started
17 operations in other states?

18 **A.** I believe that's correct. I believe it was in
19 the second half of 2000 is when we began service in
20 Illinois.

21 **Q.** I noticed in your application that as of
22 11/26/02, TDS Metrocom, LLC employed 694 persons.

1 Do you see that? I guess it's question 7.

2 MR. MACBRIDE: That's on the exhibit you mean?

3 JUDGE SHOWTIS: Yes. I'm sorry. That's on the
4 Exhibit PLR-1.

5 A. I'm sorry. Where was that again?

6 Q. Well, it would be in Appendix A in Exhibit
7 PLR-1 after the first 29 questions. It's entitled
8 Standard Questions for Applicants Seeking Local
9 Exchange Service Authority.

10 A. Okay. I have it. Thank you.

11 Q. Okay.

12 A. Yeah, I obtained that figure from our human
13 resources department, which was correct as of that
14 date. It's probably a little higher now.

15 Q. When did TDS Metrocom, LLC commence services in
16 Wisconsin and Michigan?

17 A. As TDS Metrocom, LLC?

18 Q. Yes.

19 A. I do not have those dates immediately in front
20 of me. In Michigan and Wisconsin there was a less
21 formal process I know. In Michigan we were only
22 required to provide notice to the Commission, and

1 then, as I said, we provided notice to our
2 customers, and in Wisconsin that was actually
3 handled by our parent company along with certain
4 other subsidiaries that were converted at the same
5 time.

6 **Q.** Okay.

7 **A.** It would have been either late in the second
8 quarter or early in the third quarter of 2002.

9 JUDGE SHOWTIS: Okay. Let's go off the record
10 just for a second.

11 (Whereupon at this point in the
12 proceedings an off-the-record discussion
13 transpired.)

14 JUDGE SHOWTIS:

15 **Q.** Does TDS Metrocom, LLC have a business plan or
16 expectation as to when it hopes to be operating at a
17 profit?

18 **A.** Absolutely. We're currently in a mode of
19 investing and starting up a new business, but we
20 have a detailed business plan that provides for the
21 company to become profitable on a time frame that's
22 acceptable to our investors.

1 JUDGE SHOWTIS: Okay. That's all the questions
2 I had.

3 Does Staff wish to state its recommendation for
4 the record?

5 MR. KOCH: Yes, Your Honor. Staff of the
6 Illinois Commerce Commission sees no reason why this
7 petition cannot be granted.

8 JUDGE SHOWTIS: Let's go off the record.

9 (Whereupon at this point in the
10 proceedings an off-the-record discussion
11 transpired.)

12 JUDGE SHOWTIS: Let's go back on the record.

13 I intend to submit an order to the Commission
14 recommending approval of the issuance of the
15 requested certificates to TDS Metrocom, LLC and the
16 cancellation of the certificates held by TDS
17 Metrocom, Inc.. the order would be turned in for
18 Commission action at least thirty days after the
19 notice has been received by the customers of TDS
20 Metrocom, Inc. that TDS Metrocom, Inc. will be
21 ceasing operations in Illinois. I do not need a
22 draft order to be submitted by counsel for TDS

1 Metrocom, LLC.

2 Is there anything else then that needs to be
3 discussed on the record?

4 MR. MACBRIDE: Not on behalf of the Applicant.

5 JUDGE SHOWTIS: Okay. Then the record will be
6 marked Heard and Taken.

7 MR. MACBRIDE: Thank you.

8 HEARD AND TAKEN

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